

Message Text

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STADIS////////////////////////////////////

CAPE TOWN ALSO FOR EMBASSY

E.O. 11652: GDS

TAGS: ESTC, SF, ECON

SUBJECT: RESTRICTIONS ON SALES TO SOUTH AFRICAN POLICE AND
DEFENSE FORCES

REF: JOHANNESBURG A-60

1. U.S. MULTI-NATIONALS' SUBSIDIARIES AND AFFILIATES
IN SOUTH AFRICA ARE SUFFERING INCREASING SALES LOSSES
AS LOCAL RESENTMENT TOWARD U.S. AND BELIEF IN UN-
RELIABILITY OF U.S. SOURCING CONTINUE TO GROW. ONE
FACTOR ADDING TO SALES LOSSES, PARTICULARLY BUT NOT
EXCLUSIVELY APPARENT IN COMPUTER INDUSTRY, SEEMS TO
BE LOCAL SUSPICION THAT USG FEBRUARY 16 TRADE RESTRIC-
TIONS WILL (1) BE INTERPRETED ADMINISTRATIVELY TO
INCLUDE SAG ENTITIES WITHIN EMBARGO OUTSIDE STRICTLY
POLICE AND DEFENSE FORCES AND (2) BE EXTENDED IN TIME
TO INCLUDE OTHER OR ALL SAG DEPARTMENTS. FEAR OF
(1) ABOVE IS WORRYING SUBS AND AMERICAN CHAMBER OF
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COMMERCE ITSELF BECAUSE OF INFORMATION THEY CLAIM THEY
HAVE ON GOOD AUTHORITY AND THAT COMMERCE DEPARTMENT IS
DEFINING FEBRUARY 16 TRADE RESTRICTIONS MORE PRECISELY
AND PERHAPS, BUT ONLY PERHAPS, INTERPRETING THEM MORE
BROADLY THAN INTENT OF EMBARGO WOULD SEEM TO JUSTIFY.

2. TO ELUCIDATE, SUBS UNDERSTAND AND SUPPORT EMBARGO ON

SALES TO POLICE AND DEFENSE FORCES. BUT THEY FEAR EMBARGO MAY BE EXTENDED ADMINISTRATIVELY TO OTHER ENTITIES IN MISTAKEN BELIEF IN WASHINGTON THAT THEY ARE ALSO, OR INCLUDE, POLICE FORCES. THEY BELIEVE THAT FOLLOWING ENTITIES SHOULD BE EXCLUDED FROM EMBARGO, FOR EXAMPLE:

- A) CUSTOMS OFFICERS
- B) HEALTH INSPECTORS, INCLUDING MUNICIPAL COUNCIL FAUNA AND FLORA OFFICERS
- C) TRAFFIC INSPECTORS ("TRAFFIC COPS"), EMPLOYED BY PROVINCIAL AND MUNICIPAL COUNCILS TO INVESTIGATE TRAFFIC BUT NOT OTHER OFFENSES
- D) SECURITY GUARDS
- E) BUREAU OF STATE SECURITY
- F) DEPARTMENT OF PRISONS
- G) BANTU ADMINISTRATION AND BANTU ADMINISTRATION BOARDS
- H) ARMSCOR, SAG PARASTATAL, STAFFED BY CIVILIANS, WHOSE OBJECTIVE IS TO MANUFACTURE ARMS, AMMUNITION, AND SPORTING RIFLES FOR LOCAL USE AND EXPORT
- I) SOUTH AFRICAN RAILWAYS, THOUGH NOT NECESSARILY SOUTH AFRICAN RAILWAY POLICE (SEE PARA 3 BELOW).

3. SUBS ASSERT THAT POLICE, UNDER SOUTH AFRICAN CRIMINAL PROCEDURE ACT, ARE DEFINED AS "SOUTH AFRICAN POLICE" CONFIDENTIAL

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AND "SOUTH AFRICAN RAILWAY POLICE", AND ONLY THESE OFFICIALS ARE RESPONSIBLE FOR ENFORCING CRIMINAL LAW, HAVING POWER OF ARREST, AND MAINTAINING PUBLIC ORDER. THOSE OFFICIALS LISTED IN PARA 2 ARE NOT INCLUDED.

4. SUBS ASSERT FURTHER THAT MILITARY SERVICES ARE PROPERLY DEFINED AS THE ARMY, NAVY, AND AIR FORCE AND ALL UNDER THEIR DIRECT CONTROL. THEY MAINTAIN THAT SUPPLIERS AND CONTRACTORS TO MILITARY, WHICH ARE NOT UNDER CONTROL OF MILITARY, SHOULD NOT BE INCLUDED BLANKETWISE IN ANY LIST OF EMBARGOED ENTITIES, THOUGH OF COURSE THEY HAVE NO PROBLEM WITH EMBARGOING SUPPLY OF ITEMS AND SERVICES TO SUCH SUPPLIERS AND CONTRACTORS IF THE ITEMS OR SERVICES ARE "FOR USE BY OR FOR" THE MILITARY (OR POLICE).

5. FINALLY, SUBS CLAIM THAT IF PURPORTED NEW DEFINITIONS OF FEBURARY 16 REGULATIONS ARE MORE INCLUSIVE THAN THEY THINK THEY SHOULD BE, EUROPEAN COMPETITORS WILL MOVE IN EVEN MORE AND MAKE SALES TRADITIONALLY MADE BY U.S. SUBS. IN COMPUTER INDUSTRY, FOR EXAMPLE, UK HAS ALREADY INCREASED SALES THIS YEAR TO ABOUT FIVE TIMES THOSE OF U.S., WHICH HAS IN PAST DOMINATED MARKET.

6. THIS TELEGRAM HAS BEEN SLUGGED STADIS SO THAT
DEPARTMENT MAY HAVE OPPORTUNITY ASSESS WHOLE SITUATION
FIRST BEFORE RAISING MATTER OF PROPER OR INTENDED EXTEND
OF EMBARGO WITH COMMERCE AND OTHERS.
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